

# The Monthly Business Review

*Covering business and industrial conditions in the Fourth Federal Reserve District*

**FEDERAL RESERVE BANK OF CLEVELAND**

**D. C. Wills, Chairman of the Board**

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The passing of each month continues to be pregnant with industrial and economic changes indicative of the present and prophetic of the future. The extremely restive conditions brought about by the cessation of hostilities caused, during the first two months of the current year, a decline in activities which, during the past month, shows first indications of coming to a halt. In other words, the impression is prevalent that the bottom of the toboggan, as it were, has been reached, and that a new angle to affairs is in evidence. Keen satisfaction is universally expressed over the fact that the much discussed "informal" war contracts have been legalized by law, thus relieving a tension which has obtained for some months. It is certain, however, that the passage of this legislation has produced throughout the nation a stabilizing effect which will undoubtedly pay dividends in better conditions generally. The past month has, indeed, also been noteworthy for the payment of huge sums in personal income taxes. These payments have been made with dispatch and a minimum of complaint—in short, with a spirit which bodes well for the success of the coming Victory Loan. In a word, industry may be said to be "looking up," that is, it is glancing upward toward greater activity rather than downward, as formerly, to a further period of stagnation, depression and decline. The optimism which has been constantly in evidence, during the whole period of transition, is being slowly but surely substantiated by facts rather than by mere academic economics.

**Manufacturing.**—Conditions prevailing during the month of February continue to exist, with the possible exception that manufacturing plants report the general decline, noted earlier in the year, practically at a standstill. Conditions in the steel market remain unsatisfactory but not discouraging. It is an open secret that the plans of Secretary Redfield for discussing a substantial cut in iron and steel prices have found a warm welcome at the hands of the industries involved. Iron and steel men give evidence of unanimity of opinion in believing that some reductions must be immediately made to stimulate demand, and that small cuts, constantly occurring, are demoralizing, while one substantial reduction will make for confidence and stability even though operations must be carried on temporarily at a small margin of profit. The Pittsburgh District reports continued inactivity in steel with a number of plants, previously shut down, which have not yet resumed operations. It is also reported that a considerable portion of the present small Pittsburgh production is going into stock and in replenishing warehouse supplies, against the day when there will be a genuine revival in consumptive demand.

Increased operations in the tin plate and sheet mills act as an offset to stagnant conditions prevailing in other lines. Prices on finished steel are maintained and it is also interesting to note that the

automobile industry is making a rather vigorous demand for sheet products, the sheet mills being operated at about 80% of capacity. There is also a small increase in demand for boiler tubes.

General sluggishness characterizes the wire and wire nail trades, and where sales are reported they are made at greatly reduced prices. Makers of structural material see little of encouragement in prospect, owing to the fact that new orders are not being received, inquiries likewise being scarce.

Pending financial relief to the railroads, which assistance the last Congress failed to provide, it is thought that no substantial improvement can be looked for in that branch of the steel industry which ordinarily supplies the needs of the nation's carriers.

The tin plate mills look forward to the immediate future with considerable optimism. This is said to be due to large oil developments and bumper crops which are expected.

The outstanding feature of the month is undoubtedly the sentiment, which has been steadily crystalizing for the past thirty days, that cuts to as near bed-rock as possible are necessary before better things can really be expected. While the cut, which it is thought will be announced shortly, will undoubtedly not be final, it is confidently believed that the prices named will obtain for a sufficient period to create a lively as well as a healthy demand. The sentiment being unanimous that a cut is indispensable, manufacturers are hopeful that Secretary Redfield's plan will afford the most effective means of successful accomplishment.

**Clay Products.**—The pottery business in all ceramic centers in the district is in a state of encouraging and apparently stable prosperity. Potteries and jobbers report a flood of inquiries as well as the booking of orders on a scale with which the ceramic industry has been unfamiliar for the past two years. A well-defined demand for art pottery is indicative of a reversal of conditions which prevailed during the progress of the war.

**Agriculture.**—Reports as to the condition of winter wheat as well as regards agriculture in general maintain their optimistic trend. In some quarters it is persistently claimed, in refutation of arguments previously advanced, that the open winter instead of being injurious to the wheat will produce a crop of a quality and quantity unheard of in the history of farming. It is certain, however, from the thoroughly conservative standpoint, that winter wheat in the Fourth District presents a plentiful as well as a healthy appearance.

Further advantage of the mild weather will be taken in the shape of early plowing and planting. A scarcity of farm labor, somewhat less acute than formerly, continues to be noticeable, and some complaint is heard in rural communities to the effect that men employed on farms prior to their entrance into military service, now evince an unwillingness to return to agricultural pursuits. The good roads situation is apparently becoming of compelling interest to the farmer and the statement is frequently heard that the price of foodstuffs will not be materially lowered until the proper outlets in the shape of good roads are everywhere provided.

Tractors, especially in Ohio, where the scarcity of farm labor is still the cause of some anxiety, are becoming increasingly popular. Tobacco growers and dealers are still basking in the light of unheard of prosperity and bankers in the tobacco regions of Southern Ohio and Northern Kentucky are complaining that they are experiencing real difficulty in placing loans. Garages, barns, and heretofore abandoned sheds are being utilized to prepare tobacco for marketing and the high prices paid on the brakes are being consistently maintained. Strangely enough, it is said that the favorite investments of the prosperous tobacco grower are U. S. Treasury Certificates of Indebtedness and automobiles.

**Labor.**—The labor situation during the past month has been, on the whole, satisfactory. It can be truthfully said that while no appreciable improvement in the unemployment situation has been noted, it is equally true that conditions have not grown worse. In view of the fact that additional men are constantly being released from military service, this latter fact is regarded as highly encouraging, for it proves that surplus labor, both skilled and unskilled, is being gradually absorbed.

The dull conditions prevailing in the steel, iron and coal industries have a natural tendency to throw a large number of unemployed on the labor market. It is confidently believed that were these industries, particularly the iron and steel trades, to experience a quick revival, the unemployment problem in this district, at least, would be more than fifty per cent. solved.

The past month shows few industrial disturbances in the shape of strikes, and discussions as to wage revisions have been few in number. The general condition seems to be that when industries are running at all, their labor is working quite largely on wage scales established during the war. Several of the larger cities in the district have instituted inquiries through their Chambers of Commerce in regard to the unemployment situation, but the fault being found with these investigations is that they furnish many figures but fail to prescribe the proper remedy.

The efficiency of labor continues much in evidence and few discharges are recorded. Contemplated public improvements, to be undertaken in the early Spring, are confidently expected to absorb much of the remaining labor surplus.

**Fuel.**—Conditions in the fuel and mining industries continue to be discouraging and with the coming of Spring little improvement can be expected. The highest grade of anthracite is apparently the only fuel in persistent demand and closed mines, with much unemployment as the result, are the rule rather than the exception. In other localities mines are being operated on a one or two days per week basis.

It is expected that stocks of coal, stored in anticipation of a repetition of last winter's fuel conditions, will soon be exhausted, and it is thought some substantial orders will follow as a result.

Oil and gasoline are moving satisfactorily in spite of a slight over-supply. No reductions in price to the ultimate consumer, except in rare instances, have, however, as yet been noted. Oil developments in the Ohio and Kentucky fields are said to be both numerous and successful.

**Collections.**—Whatever tends toward unstable conditions in other lines apparently has little bearing on collections, for they are universally reported to be exceptionally satisfactory. Some little complaint is heard that utilities are offering paper in settlement in a proportion far exceeding other industries. From all other quarters general satisfaction with collection conditions is noticeable. Some responsible investment houses in the district have opened departments to deal in bankers' acceptances and the work of the American Acceptance Council is being watched with interest.

**Transportation.**—Railroad traffic is considerably below normal in the handling of freight. Owing to the fact that the railroads are seriously embarrassed by lack of sufficient funds, crews have been laid off instead of being employed in making improvements, as has been the custom in former dull periods. Through passenger traffic seems to be holding its own, but suburban traffic shows a small but well-defined decrease in volume. Traction traffic in the larger centers remains somewhat sub-normal.

**Mercantile Lines.**—The restive conditions prevailing in the mercantile markets since the signing of the armistice are still existent, although more freedom is noticed in purchases covering immediate needs. Some articles are higher than during the war, but the large majority have experienced drops which presage still greater reductions. Retailers are continuing to dispose of stocks by marking them for quick sale and everywhere the wish is expressed that commodities will reach rock-bottom at the earliest possible moment, to the end that confidence may again be fully restored. Merchants report a slackening of business during the time when income returns were being filed. Weather conditions have been favorable to business this Spring and it is thought that this may cause a slight reaction a little later when the normal Spring business should be well under way.

**Money and Investments.** — The coming Victory Loan overshadows all financial operations, and announcement as to the rate which the notes will bear is awaited with interest.

Demand for money for the usual seasonal requirements may be said to be somewhat light, but borrowings for other purposes, such as the payment of taxes, have more than made up for any deficiency. There has been only a modest demand for long time commercial loans with interest rates around 6%. Some loans at 5% and 5½% are recorded, but these were largely Government secured obligations.

Several large industrial offerings have been successfully floated, but the stock and bond market is, to all appearances, holding back until industry and commerce again assume their normal tone.

**Building.**—Building is still in the same sluggish, uncertain condition which has characterized the trade for some months. Maintenance of war prices with no disposition toward a proper revision is said by some to be the moving cause of the extreme conservatism now existing. In the Cleveland district some drastic cuts ranging from 10% to 33⅓% have very recently been made. Building tile shows the record drop of 33⅓% and it is hoped that these reductions will encourage a resumption of activities on a nearly normal scale. In other cities price revisions are still being seriously considered, but decisions, in most instances, have not as yet been reached. Akron is proceeding rapidly with the erection of a large number of new dwellings, the city having experienced a serious shortage of houses for nearly a decade. It is hoped that the coming of Spring will give rise to inquiries which may result in orders, but much doubt is expressed as to whether any substantial contracts will be let at present prices.



**BUILDING**

	No. of Permits		Valuations		Increase or Decrease	% of Increase or Decrease
	Feb. 1919	Feb. 1918	Feb. 1919	Feb. 1918		
Akron.....	297	155	\$698,890	\$177,585	\$521,305	293.5
Cincinnati.....	784	681	191,915	249,700	57,785*	23.1*
Cleveland.....	526	464	1,135,605	1,262,070	126,465*	10.*
Columbus.....	167	91	571,470	158,510	412,960	260.5
Dayton.....	91	49	137,372	665,114	527,742*	79.3*
Erie.....	60	25	71,833	30,025	41,808	139.2
Pittsburgh.....	170	103	379,951	414,688	34,737*	8.3*
Toledo.....	152	52	366,957	30,782	336,175	1092.1
Youngstown.....	83	31	126,723	683,740	557,017*	81.4*
<b>TOTAL.....</b>	<b>2,330</b>	<b>1,651</b>	<b>3,680,716</b>	<b>3,672,214</b>	<b>8,502</b>	<b>.2</b>

\*Decrease.

**POST OFFICE.**

	Feb. 1919	Feb. 1918	Increase or Decrease	Percent of Increase or Decrease
Akron.....	\$ 72,904	\$ 70,793	\$ 2,111	2.9
Cincinnati.....	313,817	283,090	30,727	10.8
Cleveland.....	439,585	404,241	35,344	8.7
Columbus.....	138,376	123,542	14,834	12.
Dayton.....	69,811	65,986	3,825	5.8
Erie.....	33,295	32,207	1,088	3.3
Pittsburgh.....	397,133	396,772	361	.1
Toledo.....	112,529	100,110	12,419	12.4
Youngstown.....	35,890	31,938	3,952	12.3
<b>TOTAL.....</b>	<b>1,613,340</b>	<b>1,508,679</b>	<b>104,661</b>	<b>6.9</b>

**CLEARINGS**

	February 16 to March 15		Increase or Decrease	Percent of Increase or Decrease
	1919	1918		
Akron.....	\$ 26,897,000	\$ 19,311,000	\$ 7,586,000	39.2
Cincinnati.....	228,915,492	199,243,073	29,672,419	14.9
Cleveland.....	332,926,476	271,631,640	61,294,836	22.6
Columbus.....	43,762,100	39,105,700	4,656,400	11.9
Dayton.....	16,279,447	15,983,305	296,142	1.8
Erie.....	7,138,731	7,162,584	23,853*	.3*
Pittsburgh.....	496,859,042	273,122,605	223,736,437	82.
Toledo.....	41,456,535	36,352,000	5,104,535	13.9
Youngstown.....	16,994,697	14,693,422	2,301,275	15.6
<b>TOTAL.....</b>	<b>1,211,229,520</b>	<b>876,605,329</b>	<b>334,624,191</b>	<b>38.2</b>

\*Decrease.

**STATEMENT OF  
FEDERAL RESERVE BANK OF CLEVELAND.  
MARCH 14, 1919.**

**RESOURCES**  
(In thousands of dollars.)

Gold coin and certificates.....	21,444	
Gold settlement fund with F. R. Board.....	55,125	
Gold with foreign agencies.....	525	
Gold with Federal Reserve Agent.....	130,781	
Gold redemption fund.....	727	
<b>TOTAL GOLD RESERVE.....</b>	<b>208,602</b>	
Legal tender notes, silver, etc.....	1,083	
<b>TOTAL CASH RESERVE.....</b>		<b>209,685</b>
Bills discounted—Secured by Government War Obligations.....	110,674	
Bills discounted—All other.....	4,503	
Bills bought in open market.....	51,183	
<b>Total bills on hand.....</b>	<b>166,360</b>	
U. S. Government long term securities.....	1,083	
U. S. Government short term securities.....	12,842	
<b>TOTAL EARNING ASSETS.....</b>		<b>180,285</b>
Uncollected transit items.....	57,000	
5% Redemption fund against F. R. bank notes.....	576	
All other resources.....	245	57,821
<b>TOTAL RESOURCES.....</b>		<b>447,791</b>

**LIABILITIES.**

Capital paid in.....	9,218	
Surplus fund.....	3,552	12,770
Government deposits.....	15,295	
Due to members—Reserve accounts.....	132,499	
Deferred availability items.....	44,856	
Other deposits.....	313	
<b>TOTAL GROSS DEPOSITS.....</b>		<b>192,963</b>
Federal Reserve notes in circulation.....	229,761	
Federal Reserve bank notes in circulation.....	11,178	
All other liabilities.....	1,119	242,058
<b>TOTAL LIABILITIES.....</b>		<b>447,791</b>